



# **Eskom Requirements regarding any Importation**

If the tenderer is importing goods/services :

- The exchange rates to be used for the tender must be the exchange rate as published on the South African Reserve Bank website ([www.resbank.co.za](http://www.resbank.co.za)) on the date that the tender was advertised.
- Foreign Currency and Foreign currency amounts must be clearly indicated on the pricing schedule provided in the tender.
- Exchange Rate variation/adjustment **cannot** be part of any CPA formula
- The tenderer is to confirm with Eskom **BEFORE** tender close whether the foreign currency to be used by them is acceptable to Eskom
- Any Bonds and/or Guarantees must be through Eskom Treasury approved institutions

For the payment of the import Goods/Services, tenderers are required to select one of the following Eskom payment methods:

➤ Payment Method 1A

Eskom makes a payment in foreign currency directly overseas to a nominated foreign beneficiary.

**Proof of importation will be required.**

## ➤ Payment Method 1B

Eskom will pay a local supplier in foreign currency into a local CFC (Customer Foreign Currency ) bank account.

However:

- Eskom will require documentary evidence of the approval application made to the Reserve Bank and the official response from the Reserve Bank. (response from Reserve Bank must be on a SARB on SARB's letterhead. NO copy and paste).
- The commercial (overseas) invoice and a local tax invoice required to be submitted at time of payment request. The foreign currency amounts on both invoices must be the same. **Eskom will not pay profit in foreign currency.**
- **The tenderer has to be the direct importer.**
- **Eskom requires proof of importation**

## ➤ Payment Method 2

- This is a ZAR based payment linked to an exchange rate movement.
- Eskom will hedge the exposure and payment to the supplier will be done at the spot rate of exchange at which Eskom sells the forward cover in the market.
- Tenderers will have to provide a letter of stating that they will not take out forward cover.
- Tenderers are required to apply for approval to use this payment method via the Procurement Practitioner **PRIOR** to tender close. If approval is not sought prior to tender close, Eskom will then apply Payment Method 1A.
- **Proof of importation will be required.**
- **The tenderer has to be the direct importer**

- Fixed ZAR contract
  - Fixed in terms of exchange rate movement..
  - Eskom will allow the tenderer to hedge the exchange rate movement by means of forward cover. **(This means that the supplier takes the foreign currency and/or exchange rate risk for the full exposure of the contract)**

## **However:**

- Eskom will require that a simultaneous exercise is done to ensure that the exchange rates for the tenderer's forward cover is market related.
- Proof of importation will be required.

- **Important Notice:**
- If the contracting party sources from a local supplier, then the pricing to Eskom must be in ZAR
- If the contracting party sources from a local supplier, where the local supplier is the importer, the pricing to Eskom must be in ZAR – with no link to any foreign currency or exchange rate movement.

